
PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL REPORT

DECEMBER 31, 2013

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)
FINANCIAL REPORT
DECEMBER 31, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Review Report	1
Fund Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Changes in Net Position	4
Notes to Financial Statements	5-10
Schedule of Findings and Responses	11
Corrective Action Plan	12
Independent Accountants' Report on Applying Agreed-Upon Procedures	13-15

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Fire Chief
Paincourtville Volunteer Fire Department
Paincourtville, Louisiana

We have reviewed the accompanying statement of financial position of Paincourtville Volunteer Fire Department, Inc., Louisiana, (a nonprofit organization) as of December 31, 2013, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Paincourtville Volunteer Fire Department, Inc., Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying fund financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville

Donaldsonville, Louisiana
February 10, 2015

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

	2013
<u>ASSETS</u>	
Cash and cash equivalents	\$ 37,430
Investments	28,983
Buildings and equipment, net	1,184,737
Land	58,425
TOTAL ASSETS	<u>\$ 1,309,575</u>
<u>LIABILITIES AND NET ASSETS</u>	
Retainage Payable	\$ 3,781
Accounts Payable	7,056
TOTAL LIABILITIES	<u>10,837</u>
<u>NET ASSETS</u>	
Unrestricted	<u>1,298,738</u>
TOTAL NET ASSETS	<u>1,298,738</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,309,575</u>

See independent accountant's review report.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

(A NOT FOR PROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2013

	2013
<u>REVENUES</u>	
Ad Valorem Tax	\$ 177,887
Interest revenue	(1,723)
Other revenue	41,308
Total revenues	<u>217,472</u>
<u>EXPENDITURES</u>	
Public safety	
Depreciation	66,731
Dues and subscriptions	257
Education and training	3,116
Fuel	5,279
Insurance	25,524
Miscellaneous	4,809
Office Supplies	3,585
Professional fees	10,616
Repairs and maintenance	2,127
Supplies	48,946
Utilities and telephone	13,584
Total expenditures	<u>184,574</u>
Change in net assets	32,898
Unrestricted net assets at beginning of year	<u>1,265,840</u>
Unrestricted net assets at end of year	<u>\$ 1,298,738</u>

See independent accountant's review report.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

(A NOT FOR PROFIT ORGANIZATION)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 32,898
Adjustments to reconcile change in net assets (used in) operating activities:	
Depreciation	66,731
Net property and equipment (gains) losses	(1,000)
Net investment (gains) losses	-
Unrealized (gain)/loss on investments	(1,644)
Increase in accounts payable	1,165
Net cash provided by operating activities	<u>98,150</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of buildings and equipment	1,000
Purchases of buildings and equipment	(117,460)
Purchases of investments	(18,183)
Proceeds from sales of investments	28,054
Net cash used in investing activities	<u>(106,589)</u>
Net increase in cash and cash equivalents	(8,439)
Cash and cash equivalents at January 1	<u>45,869</u>
Cash and cash equivalents at December 31	<u>\$ 37,430</u>

See independent accountant's review report.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The Paincourtville Volunteer Fire Department (the Fire Department) is a non-profit organization formed on August 10, 1978 to provide fire protection to the citizens of the Paincourtville, Louisiana area.
- B. To ensure proper usage of restricted and unrestricted assets, the Fire Department maintains its accounts according to generally accepted accounting principles, whereby funds are classified in accordance with specified restrictions or objectives.
- C. Buildings, vehicles, and equipment are recorded at cost and are being depreciated using the straight-line methods over their estimated useful lives as follows:
- | | |
|----------------------|---------------|
| Buildings | 30 - 40 years |
| Vehicles & Equipment | 5 - 10 years |
- D. The majority of the Fire Department's revenue is derived from ad valorem taxes received by the Assumption Parish Police Jury.
- E. The Fire Department reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Fire Department has no temporary or permanently restricted net assets at December 31, 2013.

The Fire Department reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Fire Department reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

- F. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- G. The Fire Department considers all cash accounts, money market funds and all highly liquid deposits with a maturity of three months or less when purchased to be cash and cash equivalents.
- H. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.
- I. The Fire Department accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Fire Department is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Fire Department has not recorded a provision for income taxes in the accompanying financial statements and the Fire Department does not have any uncertain tax positions. The Fire Department files a federal income tax return under U.S. federal jurisdiction. With few exceptions, the Fire Department is no longer subject to U.S. federal examinations by tax authorities for the year before 2009.

2. Cash and Certificates of Deposit

At December 31, 2013, the carrying amounts of the Fire Department's deposits were as follows:

Demand deposit accounts	\$ <u>37,430</u>
-------------------------	------------------

These deposits are stated at cost, which approximates market.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

3. Investments

As of December 31, 2013, the Fire Department had the following investments and maturities:

INVESTMENT MATURITIES (IN YEARS)					
Investment Type	Fair Value	Less than 1 year	1-5	6-10	More than 10 years
Certificates of Deposit	\$ 499	\$ -	\$ -	\$ 499	\$ -
U.S. Agencies	13,842	-	9,329	2,750	1,763
Mortgage-backed Securities	12,417	-	524	-	11,893
Louisiana Asset Management Pool (LAMP)	2,225	2,225	-	-	-
Total Investments	\$ 28,983	\$ 2,225	\$ 9,853	\$ 3,249	\$ 13,656

4. Fair Values of Financial Instruments

In accordance with the Fair Value Measurements and Disclosure topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Fire Department.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

5. Fair Values of Financial Instruments (continued)

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Fire Department groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

5. Fair Values of Financial Instruments (continued)

The following methods and assumptions were used by the Fire Department in estimating its fair value disclosures for financial instruments:

Securities

Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using pricing models or quoted prices of securities with similar characteristics, at which point the securities would be classified within Level 2 of the hierarchy.

The following table presents for each fair value hierarchy levels, of the Fire Department's financial assets and liabilities that are measured at fair value on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2013			
Certificates of Deposit	\$ -	\$ -	\$ 499
U.S. Agencies	13,842	-	-
Mortgage-backed Securities	12,417	-	-
Louisiana Asset Management Pool(LAMP)	-	-	2,225
Total	<u>\$ 26,259</u>	<u>\$ -</u>	<u>\$ 2,724</u>

6. Custodial Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Fire Department's deposits may not be returned to them. To mitigate this risk, state law requires that these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by the fiscal agent financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. As of December 31, 2013, the Fire Department's bank balance was \$37,430. The entire bank balance of the Fire Department was covered by federal depository insurance and there was no exposure to custodial credit risk.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

7. Fixed Assets

Fixed assets at December 31, 2013 consist of the following:

Land	\$ 58,425
Buildings	1,082,790
Furniture and Equipment	944,609
	<u>\$ 2,085,824</u>

Depreciation expense was \$66,731 for the year ended December 31, 2013.

8. Contribution from Government Agencies

Contributions from government agencies for the year ended December 31, 2013 consist of the following:

Assumption Parish Police Jury	<u>\$ 177,887</u>
-------------------------------	-------------------

9. Subsequent Events

In preparing the financial statements, Paincourtville Volunteer Fire Department, Inc. has evaluated events and transactions for potential recognition or disclosure through February 10, 2015, and has determined that no events occurred that require disclosure.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(A NOT FOR PROFIT ORGANIZATION)

SCHEDULE OF FINDINGS AND RESPONSES

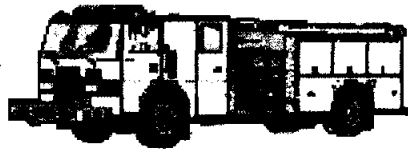
COMPLIANCE FINDING

2013-1 Annual Financial Statement

Finding: LSA-R.S. 33:463 requires that the Fire Department produce an annual financial statement in accordance with generally accepted accounting principles and that the financial statement be transmitted to the legislative auditor within six months of the close of the fiscal year. The Fire Department did not comply with this statute in a timely manner.

Recommendation: The annual financial statement should be submitted to the legislative auditor within six months of the close of the fiscal year.

Management's Response: We will submit the annual financial statement to the legislative auditor within six months of the close of the fiscal year in future years.



Paincourtville Volunteer Fire Department

P.O. Box 308

Paincourtville, LA 70391

(985) 369-7134

CORRECTIVE ACTION PLAN

February 10, 2015

Louisiana Legislative Auditor

Paincourtville Volunteer Fire Department, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2013.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Financial Statement Period: January 1, 2013 – December 31, 2013

The findings from the Schedule of Findings and Responses and Management Letter are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule of Findings and Responses and the Management Letter.

COMPLIANCE FINDING

2013- 1 Annual Financial Statements

Finding: The Fire Department did not file annual financial statements in a timely manner with Louisiana Legislative Auditor's office.

Action Taken: The Fire Department will submit timely financial statements in future years.

The above corrective action plan addresses the current year findings. If you need additional information concerning the corrective action plan, please contact Leroy Blanchard, Chief, P.O. Box 308, Paincourtville, LA 70391.

A handwritten signature in black ink, appearing to read 'Leroy Blanchard'.

Leroy Blanchard
Chief

Paincourtville Volunteer Fire Department

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Fire Chief
Paincourtville Volunteer Fire Department
Paincourtville, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Paincourtville Volunteer Fire Department and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about The Fire Department's compliance with certain laws and regulations during the year ended December 31, 2013 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Fire Department is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code), whichever is applicable.

A new fire truck was purchased during the year in the amount of \$90,000. The purchase of the truck was made by the Assumption Parish Police Jury on behalf of the Fire Department. The Assumption Parish Police Jury made the purchase in accordance with the provisions of R.S. 38:2211-2296. No additional expenditures for materials and supplies exceeding \$30,000 or public works exceeding \$150,000 were noted.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The Fire Department has no paid employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

N/A

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with the original and amended budget.

6. Trace the budget adoption and amendments to the minute book.

The budget was properly adopted and amended.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more, or if actual expenditures exceed budgeted amounts by 5% or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less, and exempts special revenue funds whose revenues are expenditure-driven--primarily federal funds.). For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures to determine if actual expenditures exceed budgeted amounts by 10% or more per category or 5% or more in total.

Actual revenues exceeded budgeted revenues and budgeted expenses exceeded actual expenses.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee. The payments were properly coded to the correct fund and general ledger account. Additionally, the disbursements indicated approvals from the treasurer.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:1 through 42:13 (the open meetings law).

Based upon the reliance upon an Attorney General Opinion for another volunteer fire department, it appears that the Fire Department is not subject to the open meetings law.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We confirmed the ad valorem tax revenue. The majority of the remaining revenue is from private donations. We noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

The Fire Department does not have any paid employees.

Prior Comments and Recommendations

12. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Prior to December 31, 2013, the Fire Department was reported as a separate fund in the financial statements of the Assumption Parish Police Jury. There were no prior year comments or recommendations that related to the Fire Department in the financial statements of the Assumption Parish Police Jury as of December 31, 2012.

Postulated by: [Signature]

Donaldsonville, Louisiana
February 10, 2015